

# SENATE BILL REPORT

## SB 5570

---

---

As Reported by Senate Committee On:  
Ways & Means, February 10, 2009

**Title:** An act relating to providing a property tax exemption for real and personal property leased to public hospitals established under chapter 36.62 RCW.

**Brief Description:** Providing a property tax exemption for real and personal property leased to public hospitals established under chapter 36.62 RCW.

**Sponsors:** Senators Prentice, Schoesler, Shin and Holmquist; by request of Department of Revenue.

**Brief History:**

**Committee Activity:** Ways & Means: 2/09/09, 2/10/09 [DP].

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hobbs, Honeyford, Keiser, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

**Staff:** Dianne Criswell (786-7433)

**Background:** All property in the state is subject to property tax each year based on the property's value, unless a specific exemption is provided by law. The Constitution exempts property owned by the United States, the state, counties, school districts, and other municipal corporations from property taxes. Several property tax exemptions exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit organization, and other exemptions apply to property either owned or leased by a nonprofit organization.

In 2001 the Legislature amended the property tax exemption for nonprofit hospitals in ESHB 2191 by specifically exempting real and personal property of Public Hospital Districts (PHD).

Harborview Medical Center (HMC) claimed this tax exemption for its property; however, it was recently discovered that HMC does not meet the statutory requirements to claim the

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

exemption because it is not a PHD established under chapter 70.44 RCW, as the statute requires. Rather, HMC is owned by King County, was established under chapter 36.62 RCW, and is operated by the University of Washington. Therefore, HMC does not qualify for a property tax exemption under RCW 84.36.040 for its leased property.

**Summary of Bill:** Real and personal property leased to and used by a hospital for hospital purposes is exempt if the hospital is established under chapter 36.62 RCW.

The exemption is applied both prospectively and retroactively beginning with taxes levied for collection in 2002 and thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill corrects an error in the 2001 legislation which inadvertently excluded HMC, which is owned by King County and operated by the University of Washington. Passage of this bill will allow the Department of Revenue (DOR) to correct previous errors and continue to exempt the property of HMC.

**Persons Testifying:** PRO: Drew Shirk, DOR.